

Message Text

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TO MR. VICTOR FRIEDMAN TELEX NUMBER 128173

FRIED FRANK HARRIS SHRIVER & JACOBSON 120 BROADWAY

NEW YORK 10005

UNCLAS STATE 077967

E.O. 11652:

TAGS:

SUBJECT:

QUOTE 1. ALL CCC CREDITS FOR COTTON OUTSTANDING AS OF THE DATE OF THIS LETTER OR GRANTED PRIOR TO JUNE 30, 1975, WILL BE EXCLUSIVELY UTILIZED TO FINANCE CURRENT US COTTON CONTRACTS WITH A DATE OF DELIVERY PRIOR TO JULY 31, 1975, WHICH WERE CONCLUDED BEFORE THE DATE OF THIS LETTER. THE CCC CREDIT WILL BE GRANTED IN THE AMOUNT ENOUGH TO COVER AFORESAID SALES OF US COTTON.

2. THE ROKG WILL TAKE ALL POSSIBLE MEASURES INCLUDING FACILITATING BANK GUARANTEES FOR THE REPAYMENTS TO HELP EACH MILL HONOR THE REPAYMENTS DRAFTS, DRAWN BY CCC ON KOREAN BANKS UNDER THE APPLICABLE LETTERS OF CREDIT.

3. THE ROKG WILL TAKE NECESSARY MEASURES TO ENSURE THE OPENING OF LETTERS OF CREDIT IN ACCORDANCE WITH THE FOLLOWING PROCEDURES:

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A) ALL SALES WILL BE LISTED BY MILL.

B) FOR EACH MILL THE CONTRACTS WILL BE LISTED BY TYPE OF COTTON: TYPE A: 1-1/32 INCH AND SHORTER: TYPE B: 1-1/16 OR OVER: TYPE C: SAN JOAQUIN: TYPE D: AMERICAN PIMA.

C) UNDER EACH TYPE, SALES (CONTRACTS) WILL BE SEPARATED INTO TWO PERIODS BASED ON THE DELIVERY DATE IN THE CONTRACT: PERIOD I - CONTRACTS WITH DELIVERY DATES

PRIOR TO FEB 28, 1975, PERIOD II CONTRACTS WITH DELIVERY DATES FROM MARCH 1, 1975 THROUGH JULY 31, 1975, AND CONTRACTS WITH A DATE OF SALE AFTER AUG 1, 1975 AND CONCURRENTLY WITH DELIVERY DATES BY JULY 31, 1975.

D) LETTERS OF CREDIT WILL BE OPENED ON CONTRACTS WITH EACH OF THESE GROUPS ACCORDING TO THE FOLLOWING SCHEDULES:

SHIPMENTS DUEPRIORTO: L/C'S WILL BE OPENED BY:
FEB 28, 1975 (PERIOD I) JUNE 30, 1975
(IN CASE MUTUALLY AGREED
UPON BY SELLERS AND BUYERS,
THE DATE TO OPEN THE
LETTERS OF CREDIT MAY BE
DEFERRED TO THE DATE AGREED
UPON.)

JULY 31, 1975 (PERIOD II) AUGUST 31, 1975
(IN CASE MUTUALLY AGREED
UPON BY SELLERS AND BUYERS,
THE DATE TO OPEN THE LETTERS
OF CREDIT ON THE CONTRACTS
WITH "ON-CALL" BASIS MAY BE
DEFERRED TO THE DATE AGREED
UPON.)

E) WITHIN EACH TYPE OF COTTON THE CONTRACTS WILL BE LISTED BY DATE OF SALE, WITH THE OLDEST DATES LISTED FIRST.

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F) WITHIN THE PERIODS SPECIFIED IN PARAGRAPHS 3 (C) AND (D) ABOVE, A MILL MAY OPEN LETTERS OF CREDIT FOR ANY TYPE OF COTTON WHICH THE MILL HAS ON CONTRACT. WITHIN EACH TYPE OF COTTON INDIVIDUAL MILLS WILL OPEN LETTERS OF CREDIT ON THE OLDEST CONTRACTS FIRST IN PRINCIPLE. HOWEVER, THE MILL MAY OPEN LETTERS OF CREDIT ON CONTRACTS OF ANY TYPE OF COTTON WHEN AND IF DIFFICULTIES ARISE IN

SUPPLY AND DEMAND OF CERTAIN TYPE OF COTTON.

4. A LIST OF OUTSTANDING SALES (CONTRACTS) FOR THE CURRENT COTTON MARKETING YEAR, ORGANIZED IN ACCORDANCE WITH THE CATEGORIES SPECIFIED IN PARA 3 (A) THROUGH (F), IS ATTACHED TO THIS LETTER AS AN ANNEX. THIS LIST IS AS COMPLETE AS WE CAN NOW MAKE IT. HOWEVER, IT IS UNDERSTOOD THAT CONTRACTS WHICH MEET THE REQUIREMENTS OF PARA 1 AND 3 OF THIS LETTER SHALL BE ADDED AT A LATER DATE AT THE REQUEST OF THE GOVERNMENT OF THE REPUBLIC OF KOREA OR THE GOVERNMENT OF THE U.S.

5. THE ROKG WILL ARRANGE FOR FINANCING FOR THE SALES OF US COTTON LISTED IN THE ANNEX OF THIS LETTER, IN THOSE CASES WHERE THE SALES IN QUESTION CAN NOT BE COVERED BY CCC CREDIT.

6. THE ROKG AGREES THAT THE SWAK PROVIDED USDA, OFFICE OF THE ASSISTANT ADMINISTRATOR, COMMERCIAL EXPORT PROGRAM - AFTER ADDITIONAL CREDIT IS MADE AVAILABLE - WITH AN ALLOCATION LIST OF CCC CREDIT FOR EACH MILL WHICH WILL BE USED BY THE USDA IN ALLOCATING ALLOUT- STANDING CCC CREDITS TO US SHIPPERS.

7. ANY CHANGE ON THE CONTRACTS AGREED UPON BY SHIPPERS AND BUYERS CAN BE ACCEPTABLE NOTWITHSTANDING THE PARAS MENTIONED ABOVE. UNQUOTE. INGERSOLL

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